

Questionnaire on Standard Costing of Labor

Does your Lab do Standard Costing for Labor? If not, do you plan to ever convert to standard labor costing?

Yes, Argonne has Standard Scientific Effort Rates.

How do you develop the standard rates? (i.e. Salary Range; Job Description) Explain in detail, please.

A standard scientific effort rate is calculated by using the average, monthly, payroll cost for personnel in a specific payroll labor category within a division.

How long did it take, work hours, to complete this development and for how many staff members.

There are 2 budget systems that aid the Scientific Financial Representatives in the calculation of the rates. They are:

Payroll Planning System (PPS) provides for the calculation of the Base Rate. It automates the effort rate calculation by integrating payroll data. Divisions have the capability in PPS to plan for future months payroll changes, and also, to do multiple plans and scenarios.

Fiscal Year Budget System (FYBS) aids the users in the calculation of their Divisional Overhead Rates.

How many rates do you have for each job category or job family?

Argonne has six Base Rate Pay Categories. They are:

*Exempt Regular
Exempt Temporary
Non-exempt Regular
Non-exempt Temporary
Non-exempt Union Regular
Non-exempt Union Temporary*

Also there are 3 overhead components that make up the Combined Standard Rate. They are:

*Division Management & Administration
Direct Allocation
Paid Absence*

Argonne has 35 scientific cost centers. Each cost center has at least 3 Base Rate Pay Categories and all 3 overhead components.

What is your hourly basis (Actual hours, 40 hours standard, 2080 year, other)

2088 hours in a year, 174 average hours in a month.

What is name of the pool and what is included in the Pool (such as Labor and Paid Time Off, any other items)

The Base Rate is comprised of the expected average monthly, payroll cost including fringe benefits and anticipated adjustments (e.g. salary increases, transfers, non-exempt

overtime, payroll credits, etc.). No distinction is made for paid time worked or paid absence.

Division Management & Administration includes effort cost for management personnel, general materials and services for division administration (i.e. copier, electricity, telephones, etc.).

Direct Allocations is the cost of building and utilities, custodial, and Health Physics not directly charged to a program.

Paid Absence is paid days off (i.e. vacation, sick leave, holidays, etc.).

For Lab's that use a standard costing system, What Reconciliation's are Required?

A monthly report is run showing the delta between the actual payroll cost versus the standard rate recovery.

How do you dispose of your variances? Is this methodology CAS compliant?

When a rate for a specific labor category changes, the revised increment, debit or credit, is applied against all open tasks that have been previously charged effort for that pay category. This is compliant with Cost Accounting Standards.

Under what conditions would you modify your standard rates?
Is this done Retroactively or Prospectively?

When the variance is not a planned variance and appears too large for the number of personnel in the pay category, the rate is changed. All rate changes are done retroactively.

What is your threshold as a percentage or dollar amount or both of variances to change your standard rates?

When the variance reaches \$25K, we start looking at possibly revising the rate—unless it is a planned variance.

What are the resources (how many people, etc.) necessary to maintain Standard Rates:
In Human Resources
In Accounting
In Budget and Analysis

*A portion of each of the following personnel is spent maintaining standard rates:
30 Financial Representatives from the scientific divisions to calculate and review their rates,
6 Budget Office personnel to review, analyze, and upload rates to financial and budget systems,
1 Accounting person to process the rates.*

For labs that converted from "actual" to "standard" rates, what benefit did you realize from standard Rates (Who received benefit, Cost savings, etc).

Not applicable.

Have you been on Standard Rates and have gone back to Actual (If so, Why)

Not applicable.

What was the transition process?

Not applicable.

Was this implemented at the start of the fiscal year?

Not applicable.

Did the lab had to submit a CAS change and if so, was it difficult getting approval from DOE.

Not applicable.

What other wisdom would you pass along regarding Standard Costs?

Not applicable.

Point of Contact for Discussions:

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